

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

N

W-03511A  
Navajo Water Co., Inc.  
% Brooke Utilities, Inc.  
P.O. Box 82218  
Bakersfield CA 93380

**RECEIVED**

MAY 8 3 2005

AZ Corporation Commission  
Director Of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
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FOR COMMISSION USE

ANN04	04
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## **COMPANY INFORMATION**

**Company Name (Business Name):** Navajo Water Company, Inc.

**Mailing Address:** P.O. Box 82218  
(Street)

Bakersfield CA 93380  
(City) (State) (Zip)

800-270-6084 or 661-633-7546 800-784-6981  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address:** customerservice@scwater.com or mistiej@brookeutilities.com

**Local Office Mailing Address:** P.O. Box 870

St. Johns AZ 85936  
(City) (State) (Zip)

928-337-7397 928-1695  
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

## **MANAGEMENT INFORMATION**

**Management Contact:** Robert T. Hardcastle President  
(Name) (Title)

P.O. Box 82218 Bakersfield CA 93380  
(Street) (City) (State) (Zip)

661-633-7526 800-748-6981  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address:** rth@brookeutilities.com

**On Site Manager:** Jeff Hammond DBA H&H Management  
(Name)

P.O. Box 870 St. Johns AZ 85936  
(Street) (City) (State) (Zip)

928-337-7397 928-474-1695  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address:** jhammond@frontiernet.net

☒ **Please mark this box if the above address(es) have changes or are updated since the last filing.**

**Statutory Agent:** Robert T. Hardcastle  
(Name)

P.O. Box 82218  
(Street)

Bakersfield  
(City)

CA  
(State)

93380  
(Zip)

661-633-7526

Telephone No. (Include Area Code)

800-748-6981

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Jay Shapiro With Fennemore Craig  
(Name)

3003 N. Central Ave. Ste. 2600  
(Street)

Phoenix  
(City)

AZ  
(State)

85012  
(Zip)

602-916-5000

Telephone No. (Include Area Code)

602-916-5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe)

### COUNTIES SERVED

Check the box for the county/ies in which you are certified to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input checked="" type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D (OC less AD)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights	10,050	-	10,050
304	Structures and Improvements	8,879	6,213	2,666
307	Wells and Springs	12,778	9,639	3,139
311	Pumping Equipment	56,754	24,603	32,151
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	60,347	39,624	20,724
331	Transmission and Distribution Mains	123,642	85,130	38,512
333	Services	47,785	36,044	11,741
334	Meters and Meter Installations	36,107	15,740	20,367
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	1,708	69	1,640
347	Miscellaneous Equipment			
348	Other Tangible Plant	7,647	1,334	6,313
	<b>TOTALS</b>	<b>365,697</b>	<b>218,395</b>	<b>147,302</b>

This amount goes on the Balance Sheet Acct. No.108

**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights	10,050	0.00%	-
304	Structures and Improvements	8,879	2.68%	238
307	Wells and Springs	12,778	2.68%	343
311	Pumping Equipment	56,754	2.67%	1,517
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	60,347	2.68%	1,620
331	Transmission and Distribution Mains	123,642	2.68%	3,319
333	Services	47,785	2.68%	1,282
334	Meters and Meter Installations	36,107	2.66%	960
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	1,708	2.68%	46
347	Miscellaneous Equipment			
348	Other Tangible Plant	7,647	2.68%	205
	<b>TOTALS</b>	<b>365,697</b>	<b>2.61%</b>	<b>9,530</b>

This amount goes on Comparative Statement of Income and Expense  
Acct. No.403.

**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**BALANCE SHEET**

<b>Acct. No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	11,371	7,505
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(44)	(44)
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 11,326</b>	<b>\$ 7,460</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 364,508	\$ 365,697
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(208,865)	(218,395)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 155,642</b>	<b>\$ 147,302</b>
	<b>DEFERRED INCOME TAX DEBITS</b>	<b>\$ 49,000</b>	<b>\$ 49,000</b>
	<b>TOTAL ASSETS</b>	<b>\$ 215,968</b>	<b>\$ 203,762</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 3,514	\$ 1,459
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	45,903	34,403
235	Customer Deposits	5,754	6,437
236	Accrued Taxes	2,898	3,116
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 58,070</b>	<b>\$ 45,415</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-term Notes and Bonds	\$ 19,933	\$ 5,487
	<b>Deferred Credits</b>		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 4,455	\$ 4,186
252	Advances in Aid of Construction	7,353	7,353
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 11,808</b>	<b>\$ 11,539</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 89,810</b>	<b>\$ 62,441</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 58,300	\$ 58,300
211	Paid In Capital in Excess of Par Value	211,263	211,263
215	Retained Earnings	(143,405)	(128,241)
218	Proprietary Capital (Sole Props & Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 126,158</b>	<b>\$ 141,322</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 215,968</b>	<b>\$ 203,762</b>

**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 117,949	\$ 118,691
460	Unmetered Water Revenue		
474	Other Water Revenues	2,238	2,494
	<b>TOTAL REVENUES</b>	<b>\$ 120,187</b>	<b>\$ 121,185</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 13,900	\$ 16,076
610	Purchased Water		
615	Purchased Power	8,601	8,180
618	Chemicals	51	-
620	Repairs & Maintenance		
621	Office Supplies and Expense		
630	Outside Services	37,091	36,446
635	Water Testing	2,435	2,892
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,121	2,016
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	16,359	16,971
403	Depreciation Expense	9,406	9,530
408	Taxes Other Than Income	6,916	6,970
408.11	Property Taxes	4,750	5,344
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 101,630</b>	<b>\$ 104,424</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 18,557</b>	<b>\$ 16,761</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3,054)	(1,597)
	<b>TOTAL OTHER INCOME/EXPENSE</b>	<b>\$ (3,054)</b>	<b>\$ (1,597)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 15,503</b>	<b>\$ 15,164</b>



**COMPANY NAME: NAVAJO WATER COMPANY, INC**

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN # 1	LOAN # 2	LOAN # 3	LOAN # 4
Date Issued	5/1/2000			
Source of Loan	Brooke Utilities			
ACC Decision No.	62361			
Reason for loan	see below			
Dollar Amount Issued	\$ 62,000			
Amount Outstanding	\$ 5,487			
Date of Maturity	4/30/2005			
Interest Rate	10%			
Current Year Interest	\$ 1,362			
Current Year Principal	\$ 14,446			

Meter Deposit Balance at Test Year End                      \$ 4,186

Meter Deposits Refunded During the Test Year                      \$ 699

The purpose of the loan was to finance capital expenditure project to improve water system infrastructures.

**COMPANY NAME:** Navajo Water Co., Inc.

**WATER COMPANY PLANT DESCRIPTION**  
**WELLS**

<b><u>ADWR Number*</u></b>	<b><u>Description</u></b>	<b><u>Pump Horsepower</u></b>	<b><u>Pump Yield (GPM)</u></b>	<b><u>Casing Depth (Feet)</u></b>	<b><u>Casing Diameter (Inches)</u></b>	<b><u>Meter Size (Inches)</u></b>	<b><u>Year Drilled</u></b>	<b><u>Arsenic Levels (mg/l)</u></b>
55-601671	Chap P	5.0	60.0	295'	6"	1"	1982	0.001
55-646524	Lag Est	5.0	26.0	290'	6"	1"	U/A	0.003
55-623894	SP	3.0	8.0	290'	6"	1"	U/A	0.001
55-623891	SP	10.0	72.0	565'	8"	2"	U/A	0.001

\* Arizona Department of Water Resources Identification Number  
**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
None		

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
5.0	3	None	None

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
10,000 gallons	1	1,000	1
30,000 gallons	1	2,000	1
40,000 gallons	1	5,000	1

COMPANY NAME: Navajo Water Co., Inc.- Laguna Estates

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004  
PWS Number 09-000

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
January	28	141	169
February	29	145	213
March	28	152	182
April	27	163	177
May	28	163	Included with June
June	27	207	379
July	26	173	199
August	28	212	167
September	27	167	110
October	28	176	181
November	27	172	190
December	28	106	116
Total		1,977	2,083

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes ( X ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes ( X ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system \_\_See page 10\_\_ mg/L  
(If more than one well, please list each separately)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: Navajo Water Co., Inc.: Summer Pines

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004  
PWS Number 09-030

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
January	206	743	916
February	205	486	351
March	204	485	601
April	205	774	889
May	204	976	928
June	205	1,283	1,441
July	205	1,108	1,119
August	207	1,091	1,230
September	208	964	Included in October
October	206	694	1,889
November	205	532	680
December	206	433	443
Total		9,569	10,487

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes ( X ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes ( X ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system \_\_\_ See page 10 \_\_\_ mg/L  
(If more than one well, please list each separately)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

17905

**BANK OF AMERICA**  
1440 TRUXTON AVENUE  
BAKERSFIELD, CA 93301

CHECK NO.

16-66  
1220

\*\*\*\*\* Two Thousand Three Hundred Seventy-Five and 23/100 \*\*\*\*\*

DATE \_\_\_\_\_

AMOUNT

Mar 17 04

\$2,375.23

PAY  
TO THE  
ORDER  
OF

NAVAJO COUNTY TREASURER  
P.O. BOX 668

HOLBROOK, AZ. 86025

Firmus

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COMMUNITY FIRST BANK >0913000036<

FARGO, N. DAKOTA

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293

THE FOLLOWING IS A LIST OF THE NAMES OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY, AS OF THE DATE OF THE MEETING OF THE BOARD OF DIRECTORS HELD ON MAY 1, 1997.

PAY TO THE ORDER OF  
COMMUNITY FIRST BANK  
HOLBROOK, AZ  
FOR DEPOSIT ONLY  
NAVALO COUNTY TREASURER  
8220140428

FEDERAL BANKING  
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122009166 820  
ENT-0258 TRC-0258 PK-03

03262004  
122000166 020  
ENT-0258 TRC-0258 PK-03

COMPANY NAME Navajo Water Company Inc. YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 5,046.98

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

919-91-070 919-91-000 919-91-005

18776

Navajo Water Company, Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218

BANK OF AMERICA  
1440 TRUXTON AVENUE  
BAKERSFIELD, CA 93301

CHECK NO.

16-66  
1220

\*\*\*\*\* Two Thousand Six Hundred Seventy-One and 75/100 \*\*\*\*\*

DATE

Oct 6 04

AMOUNT

\$2,371.75

PAY  
TO THE  
ORDER  
OF

NAVAJO COUNTY TREASURER  
P.O. BOX 668

HOLBROOK, AZ. 86025

*[Signature]*

⑈018776⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0000267175⑈

10/27/04 LA, CA  
122000661  
10/27/04  
122000166 020  
ENT-0629 TRC-0629 PK-02  
12200000392

10272004  
COMMUNITY FIRST BANK  
BARGO, N. DAKOTA  
10-26-04 00 8220140428  
0001 63007

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
PAY TO THE ORDER OF  
COMMUNITY FIRST BANK  
HOLBROOK, AZ  
FOR DEPOSIT ONLY  
NAVAJO COUNTY TREASURER  
8220140428

COMPANY NAME Navajo Water Company Inc.

YEAR ENDING 12/31/2004

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>15,164</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>15,164</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>                    </u>
Amount of Gross-Up Tax Collected	<u>                    </u>
Total Grossed-Up Contributions/Advances	<u>                    </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE4-29-05  
\_\_\_\_\_  
DATERobert T. Hardcastle  
\_\_\_\_\_  
PRINTED NAMEPresident  
\_\_\_\_\_  
TITLE



RECEIVED

**VERIFICATION  
AND  
SWORN STATEMENT**  
Intrastate Revenues Only

MAY 03 2005

Arizona Corporation Commission  
Director Of Utilities

**VERIFICATION**

STATE OF California

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<b>Kern</b>
NAME (OWNER OR OFFICIAL) TITLE
Robert T. Hardcastle
COMPANY NAME
Navajo Water Company, Inc.

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE, 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:**

<b>Arizona Intrastate Gross Operating Revenues Only (\$)</b> <b>\$ 121,185</b>
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**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 6,970  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL.)**

SIGNATURE OF OWNER OR OFFICIAL

**661-638-7526**

TELEPHONE NUMBER

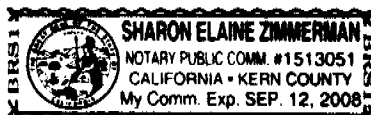
**SUBSCRIBED AND SWORN TO BEFORE ME**

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 29 DAY OF

COUNTY NAME
<b>Kern</b>
MONTH <u>April</u> 2005

(SEAL)



MY COMMISSION EXPIRES

9-12-08

*Sharon Elaine Zimmerman*  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**RECEIVED**

MAY 13 2005

AZ Corporation Commission  
Director Of Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <b>Kern</b>	
NAME (OWNER OR OFFICIAL) <b>Robert T. Hardcastle</b>	TITLE <b>President</b>
COMPANY NAME <b>Navajo Water Company, Inc.</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE, 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only
\$ 118,705

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 7,037  
IN SALES TAXES BILLED, OR COLLECTED)

**\* RESIDENTIAL REVENUE REPORTED ON  
THIS PAGE MUST INCLUDE SALES TAXES  
BILLED**

SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

**29** DAY OF

**(SEAL)**

NOTARY PUBLIC NAME

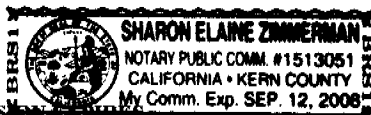
COUNTY NAME

Kern

MONTH April

2005

MY COMMISSION



9-12-08

x

SIGNATURE OF NOTARY PUBLIC

NAVAJO WATER COMPANY 2004  
BALANCE SHEET  
Dec 31 04

Unaudited

ASSETS  
-----

	2004 -----	2003 -----
WATER UTILITY PLANT:		
Utility Plant in Service	1,189.58	7,988.42
Utility Plant in Service	364,507.60	356,519.18
Less: Accum Depreciation & Amortization	(218,394.89)	(208,865.28)
WATER UTILITY PLANT, NET	147,302.29	155,642.32
OTHER UTILITY ASSETS:		
TOTAL OTHER UTILITY ASSETS	0.00	0.00
CURRENT & ACCRUED ASSETS:		
Customer Accounts Receivable	7,504.61	11,370.62
Unclaimed Monies	(44.45)	(44.45)
TOTAL CURRENT & ACCRUED ASSETS	7,460.16	11,326.17
DEFERRED DEBITS:		
Accum Deferred Income Taxes	49,000.00	49,000.00
TOTAL DEFERRED DEBITS	49,000.00	49,000.00
TOTAL ASSETS	203,762.45 =====	215,968.49 =====

NAVAJO WATER COMPANY 2004  
Dec 31 04  
LIABILITIES AND SHAREHOLDERS EQUITY  
-----

	2004 -----	2003 -----
EQUITY CAPITAL:		
Retained Earnings	(143,404.90)	(143,404.90)
Income from Utility Operations	15,163.74	0.00
Common Stock	58,300.00	58,300.00
Additional Paid in Stock	211,263.00	211,263.00
	-----	-----
TOTAL EQUITY IN PARTNERSHIP	141,321.84	126,158.10
CURRENT ACCRUED LIABILITIES:		
Accounts Payable	1,458.80	3,514.36
Accounts Payable Assoc. Co.	34,403.31	45,903.18
Customer Deposits	6,437.00	5,754.00
Other Miscellaneous Accruals	3,115.96	2,898.18
	-----	-----
TOTAL CURRENT ACCRUED LIABILITIES	45,415.07	58,069.72
LONG TERM DEBT:		
Notes Payable-LTerm- Assoc Co	5,486.89	19,933.02
	-----	-----
TOTAL LONG TERM DEBT	5,486.89	19,933.02
DEFERRED CREDITS:		
Advances for Construction	7,352.65	7,352.65
Refundable Meter Advances	4,186.00	4,455.00
	-----	-----
TOTAL DEFERRED CREDITS	11,538.65	11,807.65
CONTRIBUTIONS:		
	-----	-----
TOTAL CONTRIBUTIONS	0.00	0.00
	-----	-----
TOTAL LIABILITIES & EQUITY	203,762.45 =====	215,968.49 =====

## page 1

	LAST YEAR	LAST YTD	CURRENT YTD	DEC	NOV	OCT	SEP
OPERATING REVENUE:							
Metered Sales - resi	117,949.09	117,949.09	118,690.91	7,557.33	8,638.30	9,081.32	11,804.87
Establishment Charge	1,493.45	1,493.45	1,735.47	180.00	175.00	160.00	310.00
Late Fees	744.40	744.40	758.89	47.62	53.28	71.73	67.15
TOTAL OPERATING R	120,186.94	120,186.94	121,185.27	7,784.95	8,866.58	9,313.05	12,182.02
OPERATING EXPENSES:							
SOURCE OF SUPPLY:							
OPERATIONS:							
Purchased power	8,600.71	8,600.71	8,180.20	518.75	977.96	93.24	656.52
SUBTOTAL	8,600.71	8,600.71	8,180.20	518.75	977.96	93.24	656.52
MAINTENANCE:							
SUBTOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL SOURCE O	8,600.71	8,600.71	8,180.20	518.75	977.96	93.24	656.52

NAVAJO WATER COMPANY 2004  
 UNAUDITED STATEMENT OF INCOME  
 12 PERIODS ENDED Dec 31 04  
 Consolidated Departments

page 2

	LAST YEAR	LAST YTD	CURRENT YTD	DEC	NOV	OCT	SEP
(continued)							
WATER TREATMENT:							
OPERATIONS:							
Chemicals	51.00	51.00	0.00	0.00	0.00	0.00	0.00
Regulatory Water	1,014.00	1,014.00	2,892.00	96.00	171.00	1,422.00	51.00
SUBTOTAL	1,065.00	1,065.00	2,892.00	96.00	171.00	1,422.00	51.00
MAINTENANCE:							
Materials & suppl	17.51	17.51	612.34	0.00	0.00	0.00	0.00
Regulatory Water	1,420.68	1,420.68	0.00	0.00	0.00	0.00	0.00
SUBTOTAL	1,438.19	1,438.19	612.34	0.00	0.00	0.00	0.00
TOTAL WATER TR	2,503.19	2,503.19	3,504.34	96.00	171.00	1,422.00	51.00
TRANSMISSION & DISTRIBUTION:							
OPERATIONS:							
SUBTOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE:							
Salaries & Wages	220.37	220.37	1,002.68	118.61	26.64	168.74	0.00
Materials & suppl	935.70	935.70	2,062.42	203.10	0.00	647.53	0.00
SUBTOTAL	1,156.07	1,156.07	3,065.10	321.71	26.64	816.27	0.00
TOTAL TRANSMIS	1,156.07	1,156.07	3,065.10	321.71	26.64	816.27	0.00
CUSTOMER ACCOUNTS:							
OPERATIONS :							
Sal. & Wages - em	486.51	486.51	0.00	0.00	0.00	0.00	0.00
Contractual serv.	12,295.00	12,295.00	0.00	0.00	0.00	0.00	0.00
TOTAL CUSTOMER	12,781.51	12,781.51	0.00	0.00	0.00	0.00	0.00

NAVAJO WATER COMPANY 2004  
UNAUDITED STATEMENT OF INCOME  
12 PERIODS ENDED Dec 31 04  
Consolidated Departments

page 3

	LAST YEAR	LAST YTD	CURRENT YTD	DEC	NOV	OCT	SEP
(continued)							
ADMINISTRATIVE & GENERAL:							
OPERATIONS:							
Sal. & Wages- emp	11,889.72	11,889.72	15,093.44	3,736.60	932.35	1,433.73	1,070.30
Employee pensions	963.41	963.41	0.00	0.00	0.00	0.00	0.00
Contract Serv.-Ac	7,442.78	7,442.78	7,971.98	713.00	697.50	707.36	712.97
Contractual serv.	17,298.04	17,298.04	27,634.47	2,834.87	2,411.78	2,489.38	2,554.82
Contractual serv.	55.36	55.36	839.05	90.00	508.00	0.00	0.00
Overhead Allocati	10,014.95	10,014.95	10,605.95	857.53	955.76	920.01	820.94
Ins. - wrkmn's co	400.55	400.55	391.17	58.06	24.69	45.91	26.66
Ins. -medical/den	2,121.10	2,121.10	2,016.43	159.79	159.79	171.66	174.79
Communications	2.71	2.71	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	4,942.42	4,942.42	3,170.31	238.74	(5.42)	587.65	250.05
Licenses & Permit	0.00	0.00	39.44	0.00	0.00	0.00	0.00
Sal. and Wages	339.51	339.51	(20.00)	(20.00)	0.00	0.00	0.00
State Sales Tax	6,916.08	6,916.08	6,969.59	444.21	506.67	531.98	697.42
Property taxes	4,750.46	4,750.46	5,343.50	890.09	445.29	445.29	395.87
Other taxes & Lic	45.00	45.00	90.00	0.00	45.00	0.00	0.00
TOTAL ADMINIST	67,182.09	67,182.09	80,145.33	10,002.89	6,681.41	7,332.97	6,703.82
TOTAL OPERATIONS	89,629.31	89,629.31	91,217.53	10,617.64	7,830.37	8,848.21	7,411.34
TOTAL MAINTENANCE	2,594.26	2,594.26	3,677.44	321.71	26.64	816.27	0.00
TOTAL OPERATIONS & M	92,223.57	92,223.57	94,894.97	10,939.35	7,857.01	9,664.48	7,411.34
PROVISION FOR DEPREC	9,406.44	9,406.44	9,529.61	794.97	799.46	795.70	794.14
INCOME (LOSS) FROM OPE	18,556.93	18,556.93	16,760.69	(3,949.37)	210.11	(1,147.13)	3,976.54
OTHER INCOME <EXPENSE>:							
Interest	(3,054.07)	(3,054.07)	(1,596.95)	(72.92)	(84.64)	(114.20)	(109.92)
TOTAL OTHER INCOME <	(3,054.07)	(3,054.07)	(1,596.95)	(72.92)	(84.64)	(114.20)	(109.92)
NET INCOME (LOSS)	15,502.86	15,502.86	15,163.74	(4,022.29)	125.47	(1,261.33)	3,866.62